THE ANNUAL GOVERNANCE STATEMENTS 2016/17 – REVIEW AND APPROVAL

REPORT BY SARAH GOBEY, CHIEF FINANCIAL OFFICER

1.0 SUMMARY

1.1 To review and agree the Annual Governance Statements for 2016/17.

2.0 BACKGROUND

2.1 Corporate governance is everyone's business and can be defined as:

"How local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities." - CIPFA/SOLACE

2.2 In late 2007 CIPFA/SOLACE published a framework and guidance on delivering good governance in local government. This framework has recently been updated with revised principles.

2.3 The following are the six core principles in relation to local government as set out in the new framework:

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
- Ensuring openness and comprehensive stakeholder engagement;
- Defining outcomes in terms of sustainable economic, social, and environmental benefits;
- Determining the interventions necessary to optimise the achievement of the intended outcomes;
- Developing the Council's capability, including the capability of its leadership and the individuals within it;
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency reporting and audit to deliver effective accountability

2.0   BACKGROUND

2.4   The 2007 framework required the production of a Code of Corporate Governance. This was agreed by the former Constitution and Audit Committee in Adur and the former Governance and Audit Committee in Worthing and approved by both Councils in July 2008.

2.5   The revision to the framework is designed to help local government take responsibility for developing and shaping an informed approach to governance, aimed at achieving the highest standards in a measured and proportionate way. The Framework is intended to assist authorities individually in reviewing and accounting for their own unique approach. The overall aim is to ensure that:

- resources are directed in accordance with agreed policy and according to priorities

- there is sound and inclusive decision making

- there is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

2.5   The Annual Governance Statement is a comment on the totality of good corporate governance, and it is a statutory requirement for this statement to be published annually. The Accounts and Audit Regulations required the publication of the Annual Governance Statement, following consideration of the Statement of Internal Control. The Council's Head of Internal Audit (from Mazars) will provide a written annual report to those charged with governance timed to support the annual governance statement. The Annual Governance Statement must be approved before the Statement of Accounts is approved.

2.6   The Code of Practice on Local Authority Accounting suggests that it is best practice to have the Annual Governance Statement published with Statement of Accounts.

3.0   ANNUAL GOVERNANCE STATEMENTS 2016/17

3.1   These are key corporate documents and the most senior member and the most senior officer (Leader and Chief Executive) have joint responsibility as signatories for its accuracy and completeness. The Leader of the each Council and the Chief Executive as signatories of the respective Annual Governance Statements need to ensure that they accurately reflect the governance framework for which they are responsible. The guidance advises that it should be owned by all senior officers and members of the authority and that it is essential that there is buy in at the top level of the organisation.

3.0 ANNUAL GOVERNANCE STATEMENTS 2016/17

3.2 In order to achieve this they are likely to rely on many sources of assurance, such as:

   ♦ directors and managers;

   ♦ the responsible financial officer;

   ♦ the monitoring officer;

   ♦ members;

   ♦ the head of internal audit;.

   ♦ performance and risk management;

   ♦ third parties, e.g. partnerships;

   ♦ external audit and other review agencies

3.3 The rough guide to preparing the Annual Governance Statement shows "*the need for a review body in the process, such as an audit committee or scrutiny role who should be charged with critically reviewing the AGS and its supporting documentation".* The constitution indicates that this function should be dealt with by this Committee, and this is seen as the most satisfactory means of meeting the requirements for a critical review of the Annual Governance Statement.

3.4 There is no definitive way of producing the Annual Governance Statement. Professional guidance indicates that at the centre of the review process should be a corporate group who will be given ultimate responsibility for drafting the statement, evaluating assurances and the supporting evidence. This group should review whether or not there is consistency with existing policies and the authorities' governance framework.

3.5 An officer working group are responsible for ensuring that the Annual Governance Statements accurately reflect the governance arrangements of the two Councils. The membership of the group comprises of:

   • Monitoring Officer

   • Section 151 Officer

   • Organisational Development Officer

   • Head of Wellbeing

   • Democratic Services Manager

   • Head of Business and Technical Services

   • Policy Officer

3.0   ANNUAL GOVERNANCE STATEMENTS 2016/17

3.6   A reference group of Councillors is used to give feedback on the preparation of the draft statement:

- the Leader of both Councils

- the Executive Member for Resources

- the Chair of the Joint Overview and Scrutiny Committee

- the Chair and Members of the Joint Governance Committee

3.7   As part of the review process, each of the Councillors referred to in paragraph 3.6 above were written to in May 2016 seeking feedback on issues which may have a bearing on the completion of the review of the Annual Governance Statement. No responses have been received as part of the 2016 review process.

3.8   The Officer's Governance Working Group has reviewed the new framework and proposed a new action plan on issues required to improve or strengthen the Council's Governance Framework.   Whilst some there is a high degree of commonality between the new framework and the old, new requirements have been introduced which will need responding to. The outcome of the review is shown in attached Governance Action Plan Progress Report as set out in the attached Appendix B. The traffic light system of reporting has been used to identify progress on dealing with the actions, and identifying any new action to take forward.

3.9   The Head of Internal Audit has raised a number of concerns regarding the administration of Housing Repairs following an audit on Voids Works. This has highlighted a number of issues requiring disclosure in the Annual Governance Report.

4.0   INTERNAL AUDIT ANNUAL REPORT 2016/17

4.1   Each year the Head of Internal Audit (from Mazars who provide the Councils Internal Audit Service) produces an Internal Audit Annual Report which summarises the work that Internal Audit has undertaken during the previous financial year and the control environment key themes which have been identified across the authority. The purpose of this report is to provide an annual assurance statement on the adequacy and effectiveness of the Authority's systems of governance, risk management and internal control. A report is produced separately for Adur District Council and Worthing Borough Council.

4.0   INTERNAL AUDIT ANNUAL REPORT 2016/17

4.2   For 2016/17 the Head of Internal Audit's Internal Audit Annual reports state that from the Internal Audit work undertaken in 2016/17, it is the Head of Internal Audit's opinion that they can provide Satisfactory Assurance that the system of internal control in place at both Adur District and Worthing Borough Councils for the year ended 31st March 2017 accords with proper practice, except for the control environment issues as documented in Appendix 1 to that report (See separate report on this agenda). The assurance is broken down further between financial and non-financial systems where the Head of Internal Audit has commented as follows: "Our overall opinion is that internal controls within financial and operational systems operating throughout the year are fundamentally sound."

4.3   For the 2016/17 Internal Audit Annual Report, the Head of Internal is also required to give an opinion on Information Technology Governance and in his report has stated "In our opinion the information technology governance of the Councils is adequate to support the organisation's strategies and objectives".

4.4   The following are extracts from the Head of Internal Audit's (Mazars) Internal Audit Annual Report.

"We have noted improvement in Adur District Council's control environment during the audit year. During the 2016/17 year, some 23 (82.1%) of internal audit projects were rated 'Satisfactory assurance' compared with 27 (75%) in the prior year. One 'Full assurance' opinion was issued in 2016/17 compared to none in 2015/16. We have issued one 'Nil assurance' opinion in 2016/17, compared to none in 2015/16. We issued 3 reports (10.7%) with 'limited assurance' opinions compared with 8 (22.2%) in the previous year.

We have noted improvement in Worthing Borough Council's control environment during the audit year. During the 2016/17 year, some 22 (81.5%) of internal audit projects were rated 'Satisfactory assurance' compared with 27 (79.4%) in the prior year. One 'Full assurance' opinion was issued in 2016/17 compared to none in 2015/16. We are pleased to report that we have not issued any 'Nil assurance' opinions in 2016/17. We issued 4 (14.8%) reports with 'limited assurance' opinions compared with 7 (20.6%) in the previous year.

Key themes arising from the internal audit work across the Councils relate to:

> The continued lack of IT Disaster Recovery Plans, although it is acknowledged that this is being worked on.

> Further procurement and contract issues, including non-compliance with Council Contract Standing Orders, contract management and information retention.

> Poor control over the identification, variation, post inspection and approval of works to Adur Homes void properties.

Your officers suggest that the above items are significant and should be incorporated into the Annual Governance Statements.

5.0   LEGAL IMPLICATIONS

5.1   Paragraph 6 of the Accounts and Audit Regulations 2015 sets out the legal requirements for each authority to produce an Annual Governance Statement (AGS). The Annual Governance Statement is a comment on the totality of good corporate governance, and it is a requirement for this statement to be published alongside the statutory annual statement of accounts. The draft Annual Governance Statement for Adur District Council is attached to this report as Appendix C, and for Worthing at Appendix D. There is no longer a requirement to approve a separate AGS for the Joint Committee which no longer has a separate Statement of Accounts.

5.2   The Head of Legal Services in her role as the Council's Monitoring Officer has been closely involved in the preparation, review and publication of the Action Plan and the draft Annual Governance Statement.

6.0   FINANCIAL IMPLICATIONS

6.1   There are no direct costs or other financial implications involved with the production of these statements.

6.2   The Chief Financial Officer in her role as the Council's S.151 Officer has been closely involved in the preparation, review and publication of the Action Plan and the draft Annual Governance Statement.

7.0   RECOMMENDATION

7.1   The Joint Governance Committee is asked to:

(a)   note the evidence of compliance with the Code of Corporate Governance and the Action Plan produced to deal with any issues arising from these requirements as set out in Appendix A.

(b)   approve the Annual Governance Statements for each Council as set out in Appendix B and C to this report.

Local Government Act 1972

Background Papers: Delivering Good Governance in Local Government Framework & Guidance Notes for English Authorities; CIPFA/SOLACE 2007

Delivering Good Governance in Local Government Framework & Guidance Notes for English Authorities; CIPFA/SOLACE 2016

Accounts and Audit Regulations 2011
Accounts and Audit Regulations 2015

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SCHEDULE OF OTHER MATTERS

1.0 COUNCIL PRIORITY
1.1 Matter considered and no issues identified

2.0 SPECIFIC ACTION PLANS
2.1 An Action Plan dealing with issues arising from the review of the Annual Governance Statement is contained in the report

3.0 SUSTAINABILITY ISSUES
3.1 Matter considered and no issues identified

4.0 EQUALITY ISSUES
4.1 Matter considered and no issues identified

5.0 COMMUNITY SAFETY ISSUES (SECTION 17)
5.1 Matter considered and no issues identified

6.0 HUMAN RIGHTS ISSUES
6.1 Matter considered and no issues identified

7.0 REPUTATION
7.1 Matter considered and no issues identified

8.0 CONSULTATIONS
8.1 Matter considered and no issues identified

9.0 RISK ASSESSMENT
9.1 Specific issues and requirements are detailed in the attached Action Plan

10.0 HEALTH & SAFETY ISSUES
10.1 Matter considered and no issues identified

11.0 PROCUREMENT STRATEGY
11.1 Matter considered and no issues identified

12.0 PARTNERSHIP WORKING
12.1 Specific issues and requirements are detailed in the report and action plan attached.

ADUR & WORTHING GOVERNANCE PROGRESS REPORT 2016/17   **APPENDIX A**

A.	Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
A1/01	Behaving with integrity	Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation	Susan Sale	Ongoing	The Councils each have an up to date Code of Conduct for Members and an Officers Code of Conduct. The Code of Conduct is reviewed annually.	Progressing well (Green)
A1/02	Behaving with integrity	Ensuring members take the lead in establishing specific standard operating principles or values of the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles).	Susan Sale / Amy Newham	Ongoing	The PDR process has been revamped with clear links to the core competencies and behaviours.	Progressing well (Green)
A1/04	Behaving with integrity	Demonstrating, communicating and embedding the standard operating principles or values through appropriate polices and processes which are reviewed on a regular basis to ensure that they are operating effectively	Susan Sale / Sarah Gobey / Becky Cooke	Ongoing	The Council has up to date registers of interests, gifts and hospitality. The Whistleblowing policy is in place and have been made available. This will be reviewed as part of the HR policy update as it was last updated in 2014. The Council does not currently have an anti-fraud and corruption policy in place but this will be presenting to the Joint Governance Committee in September 2017.	Being closely monitored (Amber)

A.   Behaving with integrity, demonstrating a strong commitment to ethical values, and respecting the rule of law

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
A2/03	Demonstrating strong commitment to ethical values	Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.	Sarah Gobey	30th June 2017	A new procurement strategy was considered by the Joint Strategic Committee in June 2017 which outlines the Councils approach to sustainable procurement which fully considers social value.	Being closely monitored (Amber)
A2/04	Demonstrating strong commitment to ethical values	Statement of business ethics communicates commitment to ethical values to external suppliers	Sarah Gobey	31st December 2017	Develop a procurement charter which illustrates the Councils' commitments to responsible procurement and social value. We will then encourage suppliers to sign up the charter	Being closely monitored (Amber)
A3/02	Respecting the rule of law	Creating conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Paul Brewer	Ongoing	The CFO is not a member of the Corporate Leadership team and to the Councils do not comply with the recommended guidance on the role of the Chief Financial Officer in Local Government.

However the CFO does have access to the Chief Executive with regular meetings and the leadership team if needed. | Being closely monitored (Amber) |
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ADUR & WORTHING GOVERNANCE PROGRESS REPORT 2016/17

B.	Ensuring openness and comprehensive stakeholder engagement

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
B1/01	Engaging comprehensively with institutional stakeholders	Openess	Sarah Gobey / Emma Thomas	31st May 2018	Within the new framework there is a requirement for an Annual Report. The Council will develop the 'narrative report' contained within the Statement of Accounts to meet the key requirements of an Annual Report as part of the 2017/18 statement of accounts.	Being closely monitored (Amber)
		Engaging comprehensively with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainable	Mary D'Arcy	31st March 2018	Two key themes of the Catching the Wave vision are 'Cultivating Enterprising Communities' and 'Becoming Adaptive Councils' - to actively promote and lead community enterprise and civic social entrepreneurs. The Director for communities leads on this work. The Council does not have a communications strategy which underpins several of the elements of the principal of 'Ensuring openness and comprehensive stakeholder engagement'.The communications strategy will be developed in 2017/18.	Being closely monitored (Amber)

C.	Defining outcomes in terms of sustainable economic, social, and environmental benefits

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
C1 /01	Defining outcomes	Having a clear vision which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the organisation's overall strategy, planning and other decisions	Alan Higgins	Ongoing	A vision has been produced and agreed by the Councils called 'Catching the Wave'. The Council receives 6 months reports on progress in implementing the actions arising from these priorities. This has been recently reviewed and a new strategic plan called 'Platforms for our Places' which details the Council intended direction for the next three years. A performance framework will be further developed as part of the 2017/18 service planning process.	Progressing well (Green)

E.	Developing the entity's capacity, including the capability of its leadership and the individuals within it

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
E1/02	Developing the entity's capacity	Improving resource use through the appropriate application of techniques such as benchmarking and other options in order to determine how the authority's resources are allocated so that outcomes are achieved effectively and efficiently.	Paul Brewer	Ongoing	VFM opinion audit judgement reviewed on an annual basis and the opinion is positive. A number of services are regionally benchmarked and others nationally e.g. Adur Homes, Fraud, Leisure. Cost comparisons with other Councils undertaken. VFM measured as part of procurement.	Progressing well(Green)
E1/04	Developing the entity's capacity	Developing and maintaining an effective workforce plan to enhance strategic allocation of resources	Becky Cooke / Amy Newham	31st March 2018	Develop a new strategic workforce plan and people plan which will include organisation development.	Progressing well(Green)
E2/02	Developing the capability of the entity's leadership and other individuals	Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making body - Scheme of delegations is updated at least annually in the light of legal and organisational changes	Susan Sale	Ongoing	Scheme of delegations has been revised and a record of the amendments has been reviewed by the Joint Governance Committee. Refreshed Standing Orders recommended to Council for approval at JGC March 2017.	Progressing well(Green)
		- Contract standing orders are reviewed regularly	Sarah Gobey/ Susan Sale	Ongoing	Training continues to be rolled out to all officers involved in procuring items of £5k or more from September onwards. A new toolkit will be rolled out shortly to assist managers in complying with the Contract Standing Orders.	Progressing well(Green)

ADUR & WORTHING GOVERNANCE PROGRESS REPORT 2016/17

APPENDIX A

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
		- To review and refresh the financial regulations.	Sarah Gobey	Ongoing	Revised financial regulations were approved by Joint Governance and Audit Committee in March 2014 and subsequently approved by both Councils in April.\n\nThere is an annual review to pick up any outstanding audit recommendations and if appropriate revised regulations are taken to Committee for approval.	Being closely monitored (Amber)

E.   Developing the entity's capacity, including the capability of its leadership and the individuals within it

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
E2 / 04	Developing the capability of the Councils leadership and other individuals	Ensuring members have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis	Mary D'Arcy / Susan Sale	Ongoing	Evaluation of the effectiveness of member training currently being completed for discussion between Head of Wellbeing and Leaders (as portfolio holders for Member Services). A revised training plan is currently being considered.\n\nMember training includes skills in areas of chairmanship, standards. Planning, licensing and finance.\n\nThis can be evidenced by individual Trello Passports available for inspection which are kept up-to-date.	Progressing well(Green)
E2/08	Developing the capability of the entity's leadership and other individuals	Taking steps to consider the leadership's own effectiveness and ensuring leasers are open to constructive feedback from peer review and inspections.\n\n- Reviewing individual member performance on a regular basis taking account of their attendance and considering any training or development needs.	Mary D'Arcy	Ongoing	There is no formal process for carrying out development reviews for Members.\n\nHowever Democratic Services do ensure that planning and licensing training is kept up to date which ensures that performance in determination of quasi-judicial determinations is good..	Being closely monitored(Amber)

ADUR & WORTHING GOVERNANCE PROGRESS REPORT 2016/17

<div style="text-align: right">**APPENDIX A**</div>

E.   Developing the entity's capacity, including the capability of its leadership and the individuals within it

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
E2/09	Developing the capability of the entity's leadership and other individuals	Holding staff to account through regular performance reviews which take account of training or development needs	Becky Cooke	Ongoing	HR polies are due to be refreshed in the current year	Being closely monitored (Amber)

F.   Managing risks and performance through robust internal control and strong public financial management

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
F2/02	Managing Performance	Monitoring service delivery effectively including planning, specification, execution and independent post implementation review.	Paul Brewer / Mark Lowe	Ongoing	Performance is reported regularly to CLT via the performance dashboard	Progressing well (Green)
F2/03	Managing Performance	Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during, and after decisions are made thereby enhancing the organisation's performance.	Paul Brewer / Mark Lowe	Annual / Ongoing	Annual report on scrutiny produced providing evidence of improvements of changes resulting from the work of the Joint Overview and Scrutiny Committee. An annual report for the work of JOSC is next due to be considered by the committee on the 29th July 2017.	Progressing well (Green)

F.	Managing risks and performance through robust internal control and strong public financial management

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
F2/05	Managing Performance	Ensuring there is consistency between specification stages and post implementation reporting - Good procurement and contract management arrangement are in place	Sarah Gobey	Ongoing	The Contract Standing Orders have been reviewed and a new training programme will be rolled out over the coming months. A procurement toolkit has been developed to help staff purchase wisely. A new procurement strategy is due to be considered by JSC in June 2017. Guidance on supplier management is being developed	Being closely monitored (Amber)
F3/05	Robust Internal control	Ensuring an audit committee or equivalent group or function which is independent of the executive and accountable to the governing body: - provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment	Sarah Gobey	Ongoing	Effective audit scrutiny in place. Councillors can attend training. Continuing developing knowledge and skills of the Councillors. A review of the effectiveness of the Audit Committee is due to be considered by the Joint Governance Committee in June 2017.	Progressing well (Green)

F.	Managing risks and performance through robust internal control and strong public financial management

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
F3/05	Robust Internal control	- that its recommendations are listened to and acted upon	Sarah Gobey / Pat Stothart	Ongoing	Head of Internal Audit is now reporting to Corporate Leadership Teams to raise profile of issues. List of outstanding recommendations is being circulated to Heads of Service for review and action. Heads of Service not responding to audit queries are now being asked to attend JGC. A new audit recommendation tracking system has been developed with assistance from the digital team. This will enable better tracking of audit recommendations in the future.	Progressing well(Green)
F4/01	Managing data	Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Paul Brewer/ Simon Taylor	Ongoing	A suite of IS Policies, procedures, training & guidance is now in place. A system for monitoring IS breaches has been established.. An extensive review of the Information Security Policy Suite started in January using local team members, in March 2017 CenSus ICT engaged a consultant firm to fulfil the role of Chief Information Security Officer (CISO) for the partner council's. As such, the consultants have taken this action for the partnership. The policies are now due for renewal in 2017/18	Being closely monitored (Amber)
F4/02	Managing data	Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies.	Paul Brewer/ Simon Taylor	Ongoing	In line with PSN changes GCF services are being unbundled by the supplier Vodafone, giving authorities the freedom to implement their own solutions, whilst meeting the requirements of PSN code of connection GCF protocols in place and regularly reviewing in accordance with Government requirements. GCSX Mail will be provided through our secure Google mail solution from the 19th May 2017. Adur and Worthing will be implementing new DNS (Domain Name Service) through an approved National Cyber Security Centre (NCSC) facility as soon as it is available (May/June2017)	Progressing well (Green)

G.	Implementing good practices in transparency reporting and audit to deliver effective accountability

Action Code	Title	Description	Assigned To	Due Date	Latest Note	Performance Status
G2/02	Implementing good practices in reporting	Reporting at least annually on performance, value for money and the stewardship of its assets	Sarah Gobey / Emma Thomas	31st May 2018 and then on-going	Formal annual report which includes key points raised by scrutineers and service users' feedback on service delivery is now required This is a new requirement introduced in 2016/17. The narrative report will be further developed to meet the requirements of an annual report.	Progressing well (Green)

ADUR DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Adur District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016 (the Framework). The Framework expects that local authorities will put in place proper arrangements for the governance of their affairs and which facilitate the effective exercise of functions and ensures that the responsibilities set out above are met.

At least once a year, Local Authorities are statutorily required to review their governance arrangements. The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils this requirement.

A copy of the code is on our website at www.adur.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Adur District Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the financial year ended 31st March 2017 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are summarised below:

ADUR DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT

Key elements of the Council's Governance Framework

Council, Executive and Leader

- Provides leadership and develops the Councils vision of its purpose and intended outcome for residents and service users.

- Develops the vision into objectives for the Council and its partnerships

Decision making

- All decisions are made in the open

- Decisions are recorded on the Council website

- The scheme of delegations which details the decision making arrangements is regularly updated

- The monitoring Officer ensures that all decisions made comply with relevant laws and regulations

Risk Management

- Risk registers identify both operational and strategic risks

- Key risks and opportunities are considered by the Corporate Leadership Team every quarter

- Risks and opportunities are reported to the Joint Governance Committee every quarter and inform the work of the internal audit team

Scrutiny and Review

- The Joint overview and Scrutiny Committee reviews Council policy and can challenge the decisions made.

- The Joint Governance Committee undertakes all of the core functions of an audit committee.

- The Joint Governance Committee is responsible for review and approving the Councils Governance arrangements and undertakes the role of a Standards Committee ensuring that members comply with the Code of Conduct

Corporate Leadership Team

- The Council's Corporate Leadership Team comprises of the Chief Executive and four Directors who are responsible for the delivery of the Councils aims and objectives

- The head of paid service is the Chief Executive who is responsible for all Council Staff and leading an effective Corporate Leadership Team.

- CLT seeks advice from the Council's Chief Financial Officer who is responsible for safeguarding the Council's financial position

- CLT seeks advice from the Monitoring Officer who is the Head of Legal Services. They are responsible for enduring legality and promoting high standards of public conduct.

The operation of this authority's governance framework is described in the sections below. This sets out how the Council has complied with the seven principles set out in the new Framework during 2016/17.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

The governance framework gives the Members and the Organisation, in a number of ways, the confidence and certainty that what needs to be done is being done. The chart below provides a high level overview of the Council's key responsibilities, how they are met and the means by which assurance is delivered.

WHAT WE NEED TO DO	HOW WE DO IT
Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	• The Constitution • The Monitoring Officer • Section 151 Officer • Codes of conduct • Whistleblowing Policy • Bribery Act 2010 policy guidance • Anti-corporate fraud work • Procurement Strategy
Principle B Ensuring openness and comprehensive stakeholder engagement	• Community and engagement policy • Consultations • Terms of reference for partnerships • Freedom of information requests • Complaints procedure
Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits	• Organisational goals • Service planning • Performance Management • Community Strategy
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	• Service planning • Performance Management • Options appraisals • Whole life costing
Principle E Developing the Council's capability, including the capability of its leadership and the individuals within it	• Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management • HR Policies & procedures
Principle F Managing risks and performance through robust internal control and strong public financial management	• Effective member scrutiny function • Financial management and MTFP • Corporate risk register • Annual audit plan • Information Security policies • Compliance with the requirements of the Public Service Network (PSN)
Principle G Implementing good practices in transparency reporting and audit to deliver effective accountability	• Reports are held on the website • Annual audited financial statements are publically available • Annual Governance Statement • Effective Internal Audit Service

ADUR DISTRICT COUNCIL
ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE

Joint Governance Committee function and self-assessment;
Corporate Governance Group; Scrutiny Reviews;
Review of progress made in addressing issues; Performance monitoring;
Review of compliance with corporate governance controls;
Review of accounts; Employee opinion surveys; Internal audits and external audits;
Inspections and recommendations made by external agencies.

The following sections look at how the Council delivers governance principles in more detail:

A. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

The Constitution

The constitution sets out the how the Council operates; the roles and responsibilities of members, officers and the scrutiny and review functions; how decisions are made; and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. Although there is no longer a statutory requirement, this Council continues with this arrangement internally and is in the process of updating the constitution to ensure it reflects current practice. As well as working together as a single organisation and with our neighbour Worthing borough Council, members and officers continue to improve their working relations with other organisations, both locally and sub-nationally, to achieve a common purpose of improved efficiency and effectiveness.

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

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C.   DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

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The Councils have agreed three priorities for 2016/17 which set out its aspirations for the town.

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- better health and wellbeing for all
- feeling safe and included
- strengthening the local economy and improving job prospects
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D.   DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £2.6m by 2021/22 in a climate of reducing funding from Central Government and rising demand for many of the Councils services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

The Heads of Service are responsible for preparing service plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service.

E.   DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced criminal records check prior to appointment. New Officers receive induction which provides information about how the organisation works, policies and health and safety. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

E.   DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Training and development

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of IS, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Governance, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

Performance development and review

All Officers receive regular one to ones with their Manager in order to monitor workload and performance and Managers are required to carry out a performance development review on an annual basis, which seeks to identify future training and development needs. Services consider workforce plans as part of the annual business planning process. Our service plans paint a picture of what we want to achieve; workforce planning helps to establish the nature of the workforce needed to deliver that vision, and produce a plan to fill the gaps. This helps to ensure we have the right people, with the right skills, in the right jobs, at the right time.

F.   MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Effective scrutiny

The Council operates Joint Overview and Scrutiny Committee (JOSC) governed by it's own terms of reference. It is important that JOSC acts effectively as one of their key tasks is to review and challenge the policy decisions that are taken by Executive or the Joint Strategic Committee. Topics that are chosen to be 'scrutinised' are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the city. The JOSC's findings are reported to the Joint Strategic Committee or Executive and may result in changes to the way in which services are delivered.

Financial management

The Chief Financial Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Executive and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance team ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

F.   MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Financial management

Financial Regulations were revised in 2013/14 by the s151 Officer so that the Council can meet all of its responsibilities under various laws. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place. These risks are regularly reported to CLT and the Joint Governance and Audit Committee.

G.   IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Joint Governance Committee

As its name suggests, the Joint Governance Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members.

Internal audit

The Head of Internal audit is a qualified accountant who has full access to senior management and the Joint Governance Committee (which fulfils the role of an audit committee). The audit team is properly resourced. The Council is in compliance with the CIPFA statement on the Role of the Head of Internal Audit (2010).

The Head of internal Audit provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance each year. This is carried out by the Internal Audit team in accordance with the Public Sector Internal Audit Standards.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Annual accounts

The Council publishes full audited accounts each year which are published on the website at https://www.adur-worthing.gov.uk/about-the-councils/finance/statement-of-accounts/ .

REVIEW OF EFFECTIVENESS

Adur District Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, Executives, the Joint Governance Committee, and the Joint Overview and Scrutiny Committee.

- internal and external audit

- other explicit review/assurance mechanisms.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

There are three significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report or via a report from the Monitoring Officer;

i) Procurement and contract management procedures and processes:

The Council identified the need to improve its future procurement and contract management arrangements following an in depth review of contact procedures and contract management arrangements. Actions are being taken to remedy the situation by way of:

- A programme of training on contract standing orders and contract management;

- Development of contract management guidance; and

- A corporate review of procurement.

SIGNIFICANT GOVERNANCE ISSUES

ii)   Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. There is now a high level plan in place which considers major causes of failure. The disaster recovery plan is due to be tested in September 2017. If successful, this issue can be removed from future Annual Governance Statements.

iii)   Housing repairs procedures and processes;

The Council identified the need to improve its management of the Housing Repairs Service following an in depth review of processes and procedures by Internal Audit. An internal working group was convened, actions are being taken to improve the service by way of:

- A review of the internal control environment to ensure that all works are properly commissioned and paid for;

- A major review of all the inspection regimes.

- A review of the staffing and management of the service.

- A review of the contractual arrangements for the housing repairs service

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2016 review together with any issues which have been identified during the current review.

The governance requirements in the Statement on the Role of the Chief Financial Officer in Public Services are that the Chief Financial Officer should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The position within Adur and Worthing Councils does not wholly conform to the above statement. The Section 151 Officer does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Heads of Service. The Section 151 Officer is not a member of the Council's Corporate Leadership Team and does not have the same status as the other members, but has full access to the Chief Executive via regular meetings and the Corporate Leadership Team where necessary.

PROPOSED ACTION

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: _____   Signed: _____

Councillor Neil Parkin   Alex Bailey
Leader of the Council   Chief Executive of
Adur District Council   Adur & Worthing Councils

Dated: Dated:

WORTHING BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT

SCOPE OF RESPONSIBILITY

Worthing Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government 2016 (the Framework). The Framework expects that local authorities will put in place proper arrangements for the governance of their affairs and which facilitate the effective exercise of functions and ensures that the responsibilities set out above are met.

At least once a year, Local Authorities are statutorily required to review their governance arrangements. The preparation and publication of an Annual Governance Statement in accordance with the Framework fulfils this requirement.

A copy of the code is on our website at www.adur.gov.uk or www.adur-worthing.gov.uk or can be obtained from the Council. This statement explains how Worthing Borough Council has complied with the code and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at the Council for the financial year ended 31st March 2017 and up to the date of approval of the statement of accounts.

THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are summarised below:

WORTHING BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT

Key elements of the Council's Governance Framework

Council, Executive and Leader

- Provides leadership and develops the Councils vision of its purpose and intended outcome for residents and service users.

- Develops the vision into objectives for the Council and its partnerships

Decision making

- All decisions are made in the open

- Decisions are recorded on the Council website

- The scheme of delegations which details the decision making arrangements is regularly updated

- The monitoring Officer ensures that all decisions made comply with relevant laws and regulations

Risk Management

- Risk registers identify both operational and strategic risks

- Key risks and opportunities are considered by the Corporate Leadership Team every quarter

- Risks and opportunities are reported to the Joint Governance Committee every quarter and inform the work of the internal audit team

Scrutiny and Review

- The Joint overview and Scrutiny Committee reviews Council policy and can challenge the decisions made.

- The Joint Governance Committee undertakes all of the core functions of an audit committee.

- The Joint Governance Committee is responsible for review and approving the Councils Governance arrangements and undertakes the role of a Standards Committee ensuring that members comply with the Code of Conduct

Corporate Leadership Team

- The Council's Corporate Leadership Team comprises of the Chief Executive and four Directors who are responsible for the delivery of the Councils aims and objectives

- The head of paid service is the Chief Executive who is responsible for all Council Staff and leading an effective Corporate Leadership Team.

- CLT seeks advice from the Council's Chief Financial Officer who is responsible for safeguarding the Council's financial position

- CLT seeks advice from the Monitoring Officer who is the Head of Legal Services. They are responsible for enduring legality and promoting high standards of public conduct.

The operation of this authority's governance framework is described in the sections below. This sets out how the Council has complied with the seven principles set out in the new Framework during 2016/17.

WORTHING BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

The governance framework gives the Members and the Organisation, in a number of ways, the confidence and certainty that what needs to be done is being done. The chart below provides a high level overview of the Council's key responsibilities, how they are met and the means by which assurance is delivered.

WHAT WE NEED TO DO	HOW WE DO IT
Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	• The Constitution • The Monitoring Officer • Section 151 Officer • Codes of conduct • Whistleblowing Policy • Bribery Act 2010 policy guidance • Anti-corporate fraud work • Procurement Strategy
Principle B Ensuring openness and comprehensive stakeholder engagement	• Community and engagement policy • Consultations • Terms of reference for partnerships • Freedom of information requests • Complaints procedure
Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits	• Organisational goals • Service planning • Performance Management • Community Strategy
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	• Service planning • Performance Management • Options appraisals • Whole life costing
Principle E Developing the Council's capability, including the capability of its leadership and the individuals within it	• Robust interview and selection process • Training and development • Workforce planning • Succession planning • Performance development reviews • Talent management • HR Policies & procedures
Principle F Managing risks and performance through robust internal control and strong public financial management	• Effective member scrutiny function • Financial management and MTFP • Corporate risk register • Annual audit plan • Information Security policies • Compliance with the requirements of the Public Service Network (PSN)
Principle G Implementing good practices in transparency reporting and audit to deliver effective accountability	• Reports are held on the website • Annual audited financial statements are publically available • Annual Governance Statement • Effective Internal Audit Service

WORTHING BOROUGH COUNCIL
ANNUAL GOVERNANCE STATEMENT

THE OPERATION OF THE GOVERNANCE FRAMEWORK

HOW WE KNOW WHAT NEEDS TO BE DONE IS BEING DONE

Joint Governance Committee function and self-assessment;
Corporate Governance Group; Scrutiny Reviews;
Review of progress made in addressing issues; Performance monitoring;
Review of compliance with corporate governance controls;
Review of accounts; Employee opinion surveys; Internal audits and external audits;
Inspections and recommendations made by external agencies.

The following sections look at how the Council delivers governance principles in more detail:

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THE OPERATION OF THE GOVERNANCE FRAMEWORK

C. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

Community Strategy

- better health and wellbeing for all

- feeling safe and included

- strengthening the local economy and improving job prospects

- a better place to live, work and enjoy, with quality amenities.

This strategy can be found on the internet at http://www.wavesahead.org.uk/

D. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

Service planning and performance management

In order to secure these outcomes for residents and service users, the Council needs to respond to some tough challenges. Through partnership working and efficiency savings the Council has made significant savings over the past five years and needs to find a further £1.9m by 2021/22 in a climate of reducing funding from Central Government and rising demand for many of the Councils services. This means that it is important that, whilst we focus on achieving the organisational goal and aspirations, we continue to plan services in detail on an annual basis, focusing on challenges over the coming year but also considering the medium term horizon.

The Heads of Service are responsible for preparing service plans that include detail on: core business that must be delivered; plans for improvement, development and disinvestment; financial planning; arrangements for addressing key governance issues; key service risks and management/mitigation activity and arrangements for robust performance management within the service.

E. DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Recruitment and induction

The Council operates a robust interview and selection process to ensure that Officers are only appointed if they have the right levels of skills and experience to effectively fulfil their role. If working with children and/or vulnerable adults they will be subject to an enhanced criminal records check prior to appointment. New Officers receive induction which provides information about how the organisation works, policies and health and safety. Newly elected Councillors are required to attend an induction which includes information on: roles and responsibilities; political management and decision-making; financial management and processes; health and safety; information governance; and safeguarding.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

E.   DEVELOPING THE COUNCIL'S CAPABILITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

Training and development

All Officers are required to complete a number of mandatory e-learning courses including health and safety, equalities and diversity, financial rules, and information governance. Officers and Members have access to a range of IS, technical, soft skills and job specific training courses. Compulsory training is provided for Members who sit on the following committees: Governance, Licensing Committee, and the Planning Committee. Other member-led training is available to Councillors through Democratic Services and Learning and Development. The package of support available gives Members the opportunity to build on existing skills and knowledge in order to carry out their roles effectively.

Performance development and review

All Officers receive regular one to ones with their Manager in order to monitor workload and performance and Managers are required to carry out a performance development review on an annual basis, which seeks to identify future training and development needs. Services consider workforce plans as part of the annual business planning process. Our service plans paint a picture of what we want to achieve; workforce planning helps to establish the nature of the workforce needed to deliver that vision, and produce a plan to fill the gaps. This helps to ensure we have the right people, with the right skills, in the right jobs, at the right time.

F.   MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Effective scrutiny

The Council operates Joint Overview and Scrutiny Committee (JOSC) governed by it's own terms of reference. It is important that JOSC acts effectively as one of their key tasks is to review and challenge the policy decisions that are taken by Executive or the Joint Strategic Committee. Topics that are chosen to be 'scrutinised' are looked at in depth by a cross party panel of Councillors. They assess how the Council is performing and see whether they are providing the best possible, cost effective service for people in the city. The JOSC's findings are reported to the Joint Strategic Committee or Executive and may result in changes to the way in which services are delivered.

Financial management

The Chief Financial Officer is responsible for leading the promotion and delivery of good financial management so that public money is safeguarded at all times, ensuring that budgets are agreed in advance and are robust, that value for money is provided by our services, and that the finance function is fit for purpose. She advises on financial matters to both the Executive and full Council and is actively involved in ensuring that the authority's strategic objectives are delivered sustainably in line with long term financial goals. The s151 Officer together with finance team ensure that new policies or service proposals are costed, financially appraised, fully financed and identifies the key assumptions and financial risks that face the council.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

F. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Financial management

Financial Regulations were last fully revised in 2013/14 by the s151 Officer so that the Council can meet all of its responsibilities under various laws and are annually reviewed. They set the framework on how we manage our financial dealings and are part of our Constitution. They also set the financial standards that will ensure consistency of approach and the controls needed to minimise risks. The s151 Officer has a statutory duty to report any unlawful financial activity or failure to set or keep to a balanced budget. She also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

Risk management

All significant risks (defined as something that may result in failure in service delivery, significant financial loss, non-achievement of key objectives, damage to health, legal action or reputational damage) must be logged on a Corporate Risk Register, profiled (as high/medium/low), and mitigating measures/assurances must be put in place. These risks are regularly reported to CLT and the Joint Governance and Audit Committee.

G. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Joint Governance Committee

As its name suggests, the Joint Governance Committee has the responsibility for receiving many reports that deal with issues that are key to good governance. The Committee undertakes the core functions of an Audit Committee identified in CIPFA's practical guidance. The group has an agreed set of terms of reference, which sets out their roles and responsibilities of its members.

Internal audit

The Head of Internal audit is a qualified accountant who has full access to senior management and the Joint Governance Committee (which fulfils the role of an audit committee). The audit team is properly resourced. The Council is in compliance with the CIPFA statement on the Role of the Head of Internal Audit (2010).

The Head of internal Audit provides an independent and objective annual opinion on the effectiveness of internal control, risk management and governance each year. This is carried out by the Internal Audit team in accordance with the Public Sector Internal Audit Standards.

THE OPERATION OF THE GOVERNANCE FRAMEWORK

G.   IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY REPORTING AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Annual accounts

The Council publishes full audited accounts each year which are published on the website at https://www.adur-worthing.gov.uk/about-the-councils/finance/statement-of-accounts/ .

REVIEW OF EFFECTIVENESS

Worthing Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Council who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by relevant stakeholders, the external auditors and other review agencies and inspectorates.

The Council has procedures in place to ensure the maintenance and review of the effectiveness of the governance framework, which includes reports to and reviews by the following:

- the Joint Strategic Committee, Executives, the Joint Governance Committee, and the Joint Overview and Scrutiny Committee.

- internal and external audit

- other explicit review/assurance mechanisms.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Governance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

SIGNIFICANT GOVERNANCE ISSUES

There are two significant governance issues either identified by red status on the Governance Action Plan or from the Internal Audit Annual Report or via a report from the Monitoring Officer;

i)   Procurement and contract management procedures and processes:

The Council identified the need to improve its future procurement and contract management arrangements following an in depth review of contact procedures and contract management arrangements. Actions are being taken to remedy the situation by way of:

- A programme of training on contract standing orders and contract management;

- Development of contract management guidance; and

- A corporate review of procurement.

SIGNIFICANT GOVERNANCE ISSUES

ii)   Lack of an ICT Disaster Recovery Plan.

The Council identified this as a key priority following an in-depth review of an IT failure. There is now a high level plan in place which considers major causes of failure. The disaster recovery plan is due to be tested in September 2017. If successful, this issue can be removed from future Annual Governance Statements.

OTHER ISSUES

The Governance Action Plan has been updated to deal with any issues brought forward from the 2015 review together with any issues which have been identified during the current review.

The governance requirements in the Statement on the Role of the Chief Financial Officer in Public Services are that the Chief Financial Officer should be professionally qualified, report directly to the Chief Executive and be a member of the leadership team, with a status at least equivalent to other members. The position within Adur and Worthing Councils does not wholly conform to the above statement. The Section 151 Officer does not report directly to the Chief Executive, but reports to one of the Directors in line with the reporting requirements for all Heads of Service. The Section 151 Officer is not a member of the Council's Corporate Leadership Team and does not have the same status as the other members, but has full access to the Chief Executive via regular meetings and the Corporate Leadership Team where necessary.

PROPOSED ACTION

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed: _____   Signed: _____

            Councillor Daniel Humphreys   Alex Bailey
            Leader of the Council   Chief Executive of
            Worthing Borough Council   Adur & Worthing Councils

Dated: _____   Dated: _____